



September 11, 2014

**VIA ELECTRONIC SUBMISSION**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

Re: *Protecting and Promoting the Open Internet; Framework for Broadband Internet Service*, GN Docket Nos. 14-28, 10-127

Dear Ms. Dortch:

On behalf of ARRIS Group, Inc. ("ARRIS"), enclosed for filing in the above-referenced proceedings is a letter from a group of more than 30 leading equipment manufacturers and suppliers serving the U.S. broadband marketplace to the Secretary of the United States Department of Commerce regarding the appropriate legal framework for any regulation of broadband Internet service providers.

In addition to ARRIS, the following companies are signatories to this letter: ACS Solutions; ADTRAN; ActiveVideo Networks; Alcatel-Lucent; Alticast; BlackArrow; Blonder Tongue; Broadcom; Cisco; Commscope; Concurrent Computer; Drake; dLink; Ericsson; Gainspeed, Inc.; Harmonic; IBM; ILS-Technologies; Intel; NetCracker Technology; NSN; Pace; Panasonic Corporation of North America; Penthera Partners; RGB; Rovi; Sandvine; Sumitomo Electric Lightwave; Synacor; This Technology; Universal Remote Control; and Walker & Associates.

The letter highlights the jobs created by the high-tech manufacturing industry (more than 600,000 in the past four years) and the industry's economic contribution to the U.S. economy (\$450 billion in 2012 alone), which were achieved under the federal government's historical light-touch regulatory approach to the Internet. As explained in the letter, proposals to regulate broadband Internet services under Title II of the Communications Act of 1934 would threaten continued investment and innovation in the sector and ultimately harm the economy.

Ms. Marlene H. Dortch  
September 11, 2014  
Page 2

Pursuant to 47 C.F.R. § 1.1206, please include this ex parte filing in the above-referenced  
dockets

Sincerely,

/s/ Jason Friedrich

Jason Friedrich  
Head of US Government & Regulatory Affairs



September 9, 2014

The Honorable Penny Pritzker  
United States Secretary of Commerce  
U.S. Department of Commerce  
1401 Constitution Ave., NW  
Washington, D.C. 20230

Dear Madam Secretary,

As manufacturers and suppliers of the high-tech equipment used by broadband providers, content providers and users, the undersigned have a unique perspective on the impact that Internet regulation has had and could have on the past and future innovation and opportunities in the broadband marketplace. Computer and electronics manufacturers are a critical part of a positive cycle of investment, innovation, and consumer demand that has made the Internet the world's biggest driver of economic development. The Administration must act to protect against calls for utility-like common carrier regulation that would threaten demand for Internet infrastructure, reduce incentives for investment, hinder innovation and jeopardize this success.

Broadband Internet deployment and adoption grew and flourished in a light-touch regulatory environment that encouraged heavy investment in the infrastructure needed to support the innovative new services that have become the trademark of the Internet economy. When broadband Internet service providers sought to invest billions of dollars over the past decade to develop and deploy advanced broadband services, they turned to the manufacturing industry, which creates and builds all the myriad physical components of broadband infrastructure from routers and servers to amplifiers and fiber nodes.

The high-tech manufacturing industry has created more than 600,000 jobs in the past four years,<sup>1/</sup> contributing nearly \$450 billion to the U.S. economy in 2012 alone.<sup>2/</sup> In his 2014 State of the Union address, President Obama emphasized the important role that high-tech manufacturing has had, and will continue to have, in the nation's economic recovery by announcing a \$140 million initiative to promote job growth in the high-tech manufacturing sector.<sup>3/</sup> Overall, infrastructure equipment spending is expected to grow from \$38.6 billion in 2013 to \$42.9 billion in 2017.<sup>4/</sup> Between the physical assets that serve as the foundation of the Internet and the devices used by consumers to connect to the Internet, high-tech manufacturing has led the way to ensure that "the United States is better-positioned for the 21<sup>st</sup> century than any other nation on Earth."<sup>5/</sup>

Continued investment in the build-out and improvement of existing infrastructure will lead to even better broadband services and innovations, resulting in greater consumer demand and greater economic growth. It is expected that IP traffic in North America will grow from 16,607 petabytes of data in 2014 to 40,545 petabytes in 2018.<sup>6/</sup> This rapid increase in demand will require significant private investment. But continued investment is by no means guaranteed.

Proposals to reclassify broadband Internet access as a "Title II" service – today reserved largely for landline telephone service – threaten to remove incentives to invest in broadband growth and improvement. Because Title II allows for so little flexibility and innovation, it would undercut substantially the broadband providers' incentives to make the investments necessary to fund network deployments and upgrades. Indeed, the Federal Communications Commission's determination to leave Internet access services largely unregulated incentivized both investment and innovation and the Internet's potential as a mechanism for economic growth was realized.

Reclassifying broadband Internet access service as a Title II service would be harmful to the economy and would create unnecessary obstacles to achieving the Administration's goal of promoting broadband deployment and adoption. A sudden shift from the existing light-touch approach – which has been an unqualified success and the basis for billions of dollars in investments – to the prescriptive regime of Title II would be extremely disruptive to the broadband marketplace. Resources that would normally be spent on building and improving infrastructure would instead be spent complying with burdensome regulatory obligations, and uncertainty regarding future profitability would deter additional private investments. If investment in broadband services declines, it will set off a domino effect of decreased investment and innovation throughout the manufacturing sector and into the economy as a whole. Title II reclassification would likely delay the full potential for additional broadband investment during the uncertainly resulting from further court scrutiny. If the Commission nonetheless determines that it must fashion ISP regulations, we urge it to exercise authority under Section 706 rather than Title II.<sup>7</sup>

---

<sup>1/</sup> Katie Lobosco, *Why Obama is pushing high-tech manufacturing*, CNN Money, <http://money.cnn.com/2014/03/03/smallbusiness/high-tech-manufacturing-obama/> (March 3, 2014)

<sup>2/</sup> U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Output by Industry*, available at [http://www.bls.gov/cmp/ep\\_table\\_207.htm](http://www.bls.gov/cmp/ep_table_207.htm).

<sup>3/</sup> President Barack Obama, State of the Union Address (Jan. 28, 2014) ("2014 State of the Union")

<sup>4/</sup> Telecommunications Industry Association, TIA's 2014-2017 ICT Market Review & Forecast 3-9 (2014).

<sup>5/</sup> 2014 State of the Union.

<sup>6/</sup> Cisco, Cisco Visual Networking Index: Forecast and Methodology, 2013–2018 1 (2014), available at [http://www.cisco.com/c/en/us/solutions/collateral/service-provider/visual-networking-indexvni/VNI\\_Hyperconnectivity\\_WP.html](http://www.cisco.com/c/en/us/solutions/collateral/service-provider/visual-networking-indexvni/VNI_Hyperconnectivity_WP.html).

<sup>7</sup> 47 U.S.C. § 1302(b); see also *Verizon v. FCC*, 740 F.3d 623, 635-42 (D.C. Cir. 2014).

The Federal Communications Commission has previously declined past invitations to regulate broadband Internet service as a Title II service, wisely recognizing the essential role that flexibility and innovation would play in the success of the Internet economy. We urge the administration to support our efforts to ensure that the Internet economy can continue to thrive.

Sincerely,

ACS Solutions  
ADTRAN  
ActiveVideo Networks  
Alcatel-Lucent  
Alticast  
ARRIS  
BlackArrow  
Blonder Tongue  
Broadcom  
Cisco  
Commscope  
Concurrent Computer  
Drake  
dLink  
Ericsson  
Gainspeed, Inc.  
Harmonic  
IBM  
ILS Technologies  
Intel  
NetCracker Technology  
NSN  
Pace  
Panasonic Corporation of North America  
Penthera Partners  
RGB  
Rovi  
Sandvine  
Sumitomo Electric Lightwave  
Synacor  
This Technology  
Universal Remote Control  
Walker & Associates